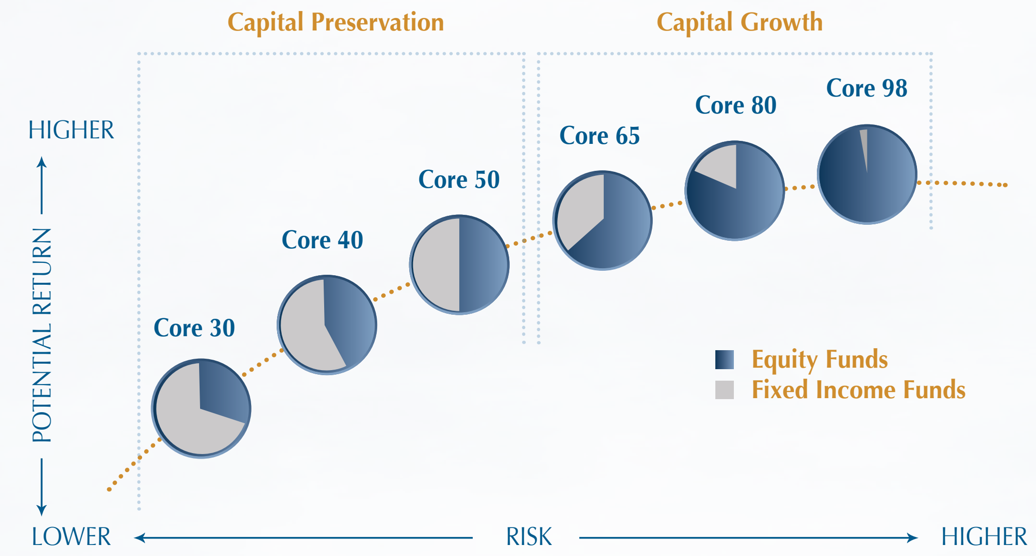
NorthLanding
Financial Partners, LLC

90 Linden Oaks, Suite 220 • Rochester, NY 14625 • (585) 497.5000 • WWW.NORTHLANDINGFP.COM

CORE PORTFOLIOS INVESTMENT PHILOSOPHY

Our six Core Model Portfolios are constructed based on time-tested principles of modern portfolio theory (MPT). MPT is built around the concept of achieving a maximum rate of return for a given level of risk. The Investment Direction Committee (IDC) at NorthLanding Financial Partners, LLC, a Federally Registered Investment Advisor firm, as a Fiduciary, oversees the construction, monitoring, and rebalancing of each model portfolio.



Our process is based on 3 key tenets:

ASSET ALLOCATION

Asset Allocation is the process of distributing capital across different investments: domestic & international stocks, bonds, real estate and cash. Each of these asset classes respond differently to changes in economic growth, interest rates, inflation, and numerous other economic factors. These differences can help control risks by reducing the degree of fluctuations of the *total* portfolio and optimize total return per unit of risk.

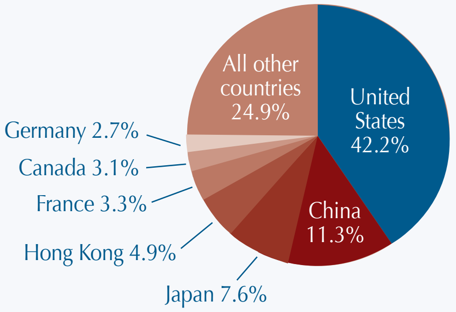
As our starting point, your asset allocation model is selected based on your risk tolerance, investor profile, income needs and both your *ability* and *willingness* to tolerate risk. The asset allocation within each model portfolio is diversified over four levels:

Level 1: Fundamental asset allocation – stocks vs. bonds

The asset allocation decision is the most important, controllable decision any investor makes. That decision – starting with the ratio of stock vs. bond exposure - is critical because of the fundamental differences between stock and bond behavior:

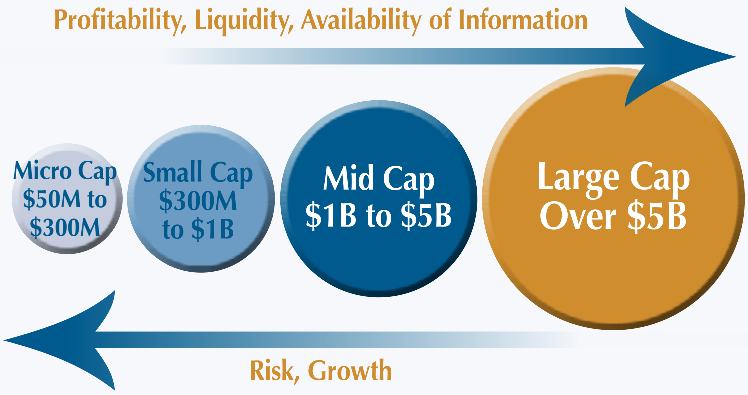
Fundamental Differences: *Stocks vs. Bonds*	Stocks	Bonds
Structure:	Ownership share of a business	Loan to a business or entity
Risk & Reward Profile:	Higher	Lower
Prices Tend to Rise When:	Business grows and/or exceeds performance expectations	Interest rates fall
Prices Tend to Fall When:	Business worsens, or does not meet performance expectations	Interest rates rise
Source of Income:	Current dividends, growth of dividends over time	Fixed interest payments

World Stock Market Size



Level 2: Global allocation – U.S., international, and emerging markets

International diversification offers exposure to different countries, currencies, economic growth rates, and population demographics. Exposure to these factors tends to help long-run portfolio performance. Almost 60% of the opportunities to invest in publicly traded companies lie ***outside*** of the United States.[1]



Level 3: Size and style allocation – stocks of large, mid-size and small companies are included in each model portfolio

Diversification by company size ensures exposure to large companies with proven business models as well as newer, smaller companies with more potential for growth.

Level 4: Bonds of varying duration and quality are included

High quality bonds (for example U.S. Treasury bonds) cushion portfolios because, as safe haven assets, they often have low or negative correlation to stocks, especially in volatile periods. High yield (or junk bonds as they are known) pay higher rates of interest but can be highly correlated to the stock market. They have limited usefulness as a diversifier against market risk and are used in Core Models in limited proportions.

Asset Allocation provides two major benefits:

- It provides a portfolio management discipline which helps to avoid overreacting to short term market swings, investor emotions, and investment fads.
- When followed over several market cycles, it may deliver a higher return for the level of risk taken than many other investment approaches.

Asset Allocation is not a perfect solution:

- It cannot guarantee any given investment return or eliminate risk of loss.
- It is not as effective for short investment time horizons.
- It will not result in a portfolio that will outperform a strong bull market.

INVESTMENT FUND SELECTION

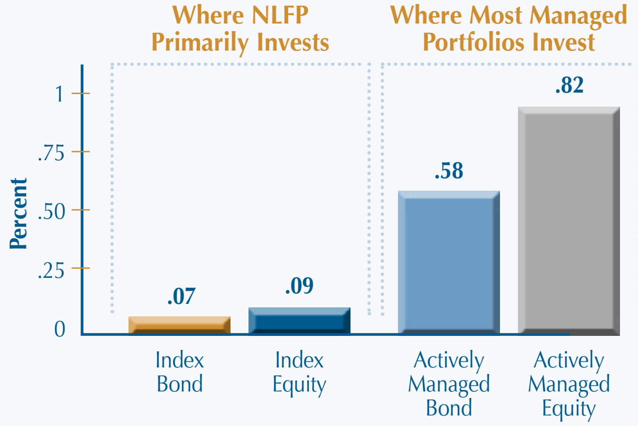
As of January, 2017, investors have 1,716 ETFs and 8,066 mutual funds to select from[2]. How NLFP selects funds for our models:

Passive index investing: Index funds have dominated active fund managers. From 2006-2016 **84.6%** of large-cap managers, **96.0%** of mid-cap managers and **95.6%** of small-cap managers failed to outperform their respective indexes[3]. There is no reliable evidence that it's possible to identify (in advance) the small number of active funds that will outperform their indexes.

Cost control: Index funds also typically cost much less than actively managed mutual funds.

Tax Control: Index funds can also greatly reduce one of the largest performance drags on your portfolio: taxes[5].

Expense Ratios of Actively Managed and Index Funds:
Basis points, 12/31/2016[4]

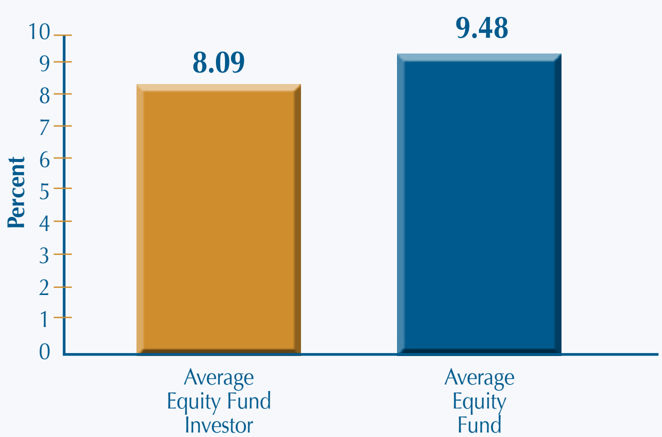


Dividend emphasis: Stocks that pay and increase their dividends regularly have systematically generated higher returns with less risk. For example, the S&P 500 Dividend Aristocrats, which is designed to measure the performance of high-quality companies that have increased their dividends for 25 consecutive years, has delivered higher returns than the large-cap equity market.

Objectivity: NorthLanding Financial Partners, as an independent investment firm, monitors holdings on an ongoing basis and at our quarterly Investment Direction Committee meeting using research from Morningstar, Vanguard, and other sources.

INVESTMENT DISCIPLINE AND REBALANCING

Performance from 12/31/1990 – 12/31/2016[6]



"The investor's chief problem-and even his worst enemy, is likely to be himself." –Benjamin Graham

During long periods of positive market performance (1990 – 2016), equity mutual fund investors significantly lagged the market[6]. *Why?* Investors are frequently negatively influenced by emotions of fear and greed and personal biases. These biases can be quite costly.

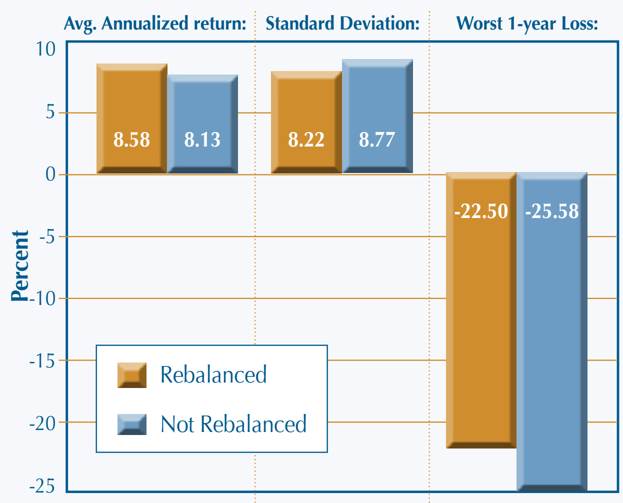
The Solution: A disciplined Investment Approach

Rebalancing plays a significant role in risk reduction while maintaining performance.

Returns: As seen from the chart below, the return is similar in the rebalanced and non-rebalanced portfolio.

Risk: As measured, by Standard Deviation, is reduced. This is also observed by a less severe total loss.

Rebalancing a 50% Stock / 50% Bond Portfolio 1/1/95 – 12/31/16[7]



Summary of the 3 key tenets of our approach:

ASSET ALLOCATION

Diversification and effective asset allocation.

INVESTMENT SELECTION

Investment selection based on indexing, cost control, dividend emphasis, and objectivity.

DISCIPLINE & REBALANCING

A disciplined approach, incorporating rebalancing to limit behavioral biases.

Our Institutional partner and fees:

- Through our relationship with **Fidelity Clearing & Custody Solutions℠**, you will receive a simplified, consolidated statement each month reflecting all your investment positions and transactions in your Fidelity brokerage account.
- Low transaction costs ranging from $0.00 to $4.95 per trade for clients with electronic delivery of statements ($0.00 - $17.95 per transaction for clients who elect paper delivery of documents.)
- Starting advisory fees range from **0.50% - 1.0%** annually of assets under management and reduce as assets grow on our tiered fee schedule.

Sources:

1.The World Bank, January, 2017
2. Investment Company Institute, January, 2017
3. S&P Dow Jones Indices, LLC, a part of S&P Global: 2016 Year-End SPIVA Scorecard
4. Investment Company Institute, January, 2017
5. Morningstar and the CFA Institute's Financial Analysts Journal, 2014 Volume 70, Number 1: "The Arithmetic of "All-In" Investment Expenses", John C. Bogle
6. Morningstar, 2016 Analysis of Investor Returns
7. Morningstar Hypothetical Illustration. Rebalancing does not guarantee a return or protect against a loss. The buying and selling of securities for the purpose of rebalancing may have adverse tax consequences and generate transaction costs. Past performance is no guarantee of future results. Stocks are represented by the S&P 500 Index. Bonds are represented by the Barclays Intermediate-Term Bond Index. Figures do not reflect the payment of advisory fees associated with a managed account. Returns assume dividend and capital gain reinvestment.